BRITISH COLUMBIA

BC STATS

Ministry of
Management Services

Infoline

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- **Consumer demand drives a rebound in BC's economy in 2002**
- **Real disposable income edges down despite lower taxes**
- **BC manufacturers more upbeat about the future**

The Economy

- **British Columbia's economy grew 1.8% in 2002, rebounding from a setback (-0.2%) in the previous year.** Despite the improvement, the province's growth was relatively weak compared to the rest of the country. Canada's economy expanded 3.4%, led by a strong growth spurt in Newfoundland (+13.4%). All of the Atlantic provinces made solid gains, as did Ontario (+3.9%) and Quebec (+4.3%). However, the prairie provinces did not fare as well. The drought in western Canada devastated the agriculture industry (it shrank 24% in Saskatchewan and 28% in Alberta), while lower energy prices put a damper on the oil patch. As a result, Saskatchewan's economy shrank 1.4%, while Alberta (+1.7%) fell to the back of the pack.

  Source: Statistics Canada

- **British Columbia's economic growth in 2002 was largely consumer-driven.** Personal expenditures on goods and services increased 2.7%, while investment in housing soared (+15.7%) as the housing market continued to recuperate from a long downturn. However, business investment in non-residential structures (-21.0%) and machinery and equipment (-4.8%) was weak and as a result total spending by the business sector shrank 2.0% in 2002. Government spending on goods and services edged up 0.8%, while government capital expenditures advanced 5.6%.

  Overall, domestic demand for goods and services in the province increased 1.7%, boosted by consumer demand. Exports rose 0.8%, despite lacklustre (+0.0%) international sales. The value of exports to other provinces was 2.7% higher than in 2001. At the same time, consumer and business demand for goods and services produced outside the province contributed to a 1.9% increase in the value of imported goods, and BC's trade deficit worsened

  Source: Statistics Canada

- **Personal income in the province rose 1.5% in 2002, driven by higher wages and salaries (+2.1%) and unincorporated business income (+5.7%).** However, investment earnings (-6.2%) of the personal sector were weak. Lower taxes (-9.3%) boosted after-tax income in the province (+3.1%). The province's savings rate remained negative (-4.5%), marking the sixth straight year in which British Columbians as a whole have dipped into their savings from past years to finance current spending.

  On a per capita basis, and after adjusting for inflation, personal disposable (after-tax) income in the province inched down 0.2% in 2002, to $19,445 (1997 dollars). BC and Saskatchewan (-2.1%) were the only provinces where real per capita disposable income declined. The national average was up 1.5%, with Newfoundland (+3.5%), PEI (+3.9%) and NWT/Nunavut (+5.0%) posting the strongest increases.

  Source: Statistics Canada & BC STATS

- **The number of British Columbians receiving regular Employment Insurance benefits remained flat (0.0%) in February.** Across the country, the number of beneficiaries rose 0.3%. Ontario (+1.5%), Quebec (+0.6%) and Nova Scotia (+0.6%) posted the biggest increases while Northwest Territories and Nunavut (-3.5%) and Prince Edward Island (-2.8%) had the largest decline.

  Source: Statistics Canada

- **BC manufacturers were more upbeat about their prospects in April than they were at the beginning of the year.** Among manufac-

Report Earnings of recent Canadian immigrants

Did you know...
Mushroom sales in the province reached a record $62 million in 2001

turers surveyed, 27% (seasonally adjusted) stated that they expected the volume of production in the next three months to be higher than the previous three months. Nineteen percent stated that production would be lower and 54% estimated that production would be about the same. The balance of opinion was +8, up from -2 in January. When asked about orders received, the balance of opinion was +1, with 22% of manufacturers stating that order numbers were on the rise while 21% thought orders were declining. Most manufacturers thought finished product inventories were about right (73%) or too high (20%) in April yielding a balance of opinion of 10. The balance was 15 in January when 21% of manufacturing firms thought that finished product inventories were too high and 73% thought they were about right. The number of firms that thought the backlog of unfilled orders was higher than normal jumped from 8% in January to 21% in April, but 20% believed unfilled order numbers were below normal levels. According to most manufacturers, labour shortages are not a problem. Only 8% (unadjsuted) thought skilled labour shortages were a source of difficulties and 1% thought there was a shortage of unskilled labour. *Source: Statistics Canada*

Agriculture

- **The Fraser Valley Regional District had the highest concentration of very large farms (farms with 300 or more animal units) in the country in 2001, with 29 very large farms for every 100 square kilometres of farmland.** The region also ranked first for having the highest number of large livestock farms. The region had 143 large livestock farms, up from 58 in 1991. The Greater Vancouver Regional District had the second highest concentration of very large farms, with 16 very large farms for every 100 square kilometres of farmland.
Source: Statistics Canada

- **Floriculture sales in the province rose 14% in 2001, after a 23% jump in 2000.** Chrysanthemums and geraniums performed particularly well. Production of fresh mushrooms rose 6% while processed mushroom production grew 32%. Field vegetable production was valued at $88 million, up 20%. The value of ginseng production fell 20%. High apple prices helped push sales to $68 million, doubling the amount from the previous year.
Source: Ministry of Agriculture, Food and Fisheries.

Tourism

- **Room revenues rose (+1.9%, seasonally adjusted) in January, after climbing 4.3% in the previous month.** Revenues were up in six of the eight regions of the province, including a moderate increase in Mainland/Southwest (+0.2%), and strong gains in Thompson-Okanagan (+9.7%), North Coast (+4.9%), and Kootenay (+3.4%). Workcamps in Northeast kicked into high gear in January, causing a 19.4% jump in revenues in the region. Room revenues slipped marginally in Vancouver Island/Coast (-0.7%) and Cariboo (-0.5%). *Source: BC Stats*

The Nation

- **Canada's economy expanded 0.2% (seasonally adjusted) in February to continue seventeen months of growth.** Both goods producing industries (+0.3%) and service industries (+0.2%) made gains. Agriculture, forestry, fishing and hunting (+2.7%) and construction (+1.2%) help outweigh declining manufacturing (-0.2%) on the goods side. On the service side, retail trade (+0.8%) posted the biggest gain. Arts, entertainment and recreation (-0.8%), and accommodation and food services (-0.3%) saw declines. *Source: Statistics Canada*

- **The industrial product price index showed a 1.3% increase in March compared to March 2002, the smallest increase since September 2002.** Prices of pulp and paper products inched up (+0.1%). Prices of lumber, sawmill and other wood (-13.2 %) plummeted while petroleum and coal products (+37.6) climbed. When petroleum and coal products are excluded the index shows a 0.8% decline. The raw materials price index jumped 11.9% in March. Wood prices were up 7.1% while mineral fuels jumped 23.2%.
Source: Statistics Canada

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Infoline Report

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Earnings of Recent Canadian Immigrants

The 2001 Census data show that recent immigrants to Canada earned a significantly lower income than that of the Canadian born. According to Statistics Canada, immigrants aged 25 to 54 who arrived in Canada between 1990 and 2000 earned an average income of $33,900 in year 2000. These earnings were about 25 per cent lower than the average amount earned by the Canadian born. However, the proportion of immigrants who earned less than $20,000 was about the same as the proportion in the Canadian born population. In 1990, about 4 in every 10 immigrants or Canadian born persons earned less than that threshold.

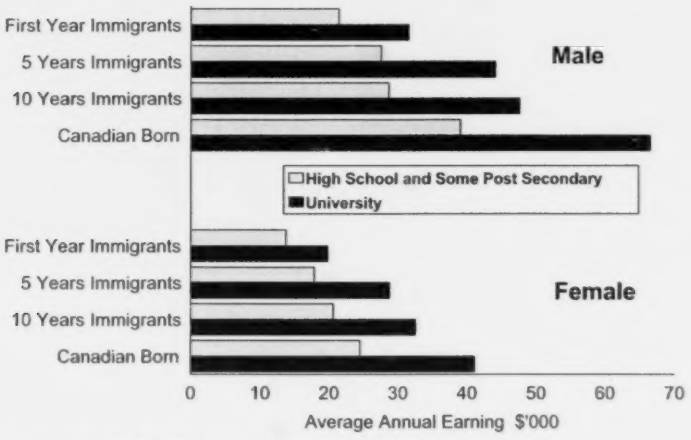
In the past, immigrants tended to catch up or even exceed the income levels of the Canadian born after the immigrants had worked in Canada for a period of time. During the 1980s, immigrants who arrived in 1971 started out with an average annual income level about 30 per cent lower than that of the Canadian born, but in 10 years they were making more than the Canadian born. However, earnings of immigrants seemed to have been declining since the 1980s. In 1990, immigrants who had been in Canada for 10 years only reached about 90 per cent of the earnings of the Canadian born. In 2000, the same comparison shows that immigrants only reached about 80 per cent of the earning levels of the Canadian born.

Education and language skills were highly associated with income performance of recent immigrants. Recent immigrants tended to have relatively higher education qualifications than did the Canadian born. The 2001 Census show that about 23 per cent of the Canadian born population aged 25 to 54 had a university degree, whereas 40 per cent of the 805,000 enumerated immigrants in the same age group who arrived during the 1990's reported having a university degree. Immigrants with university education tended to earn a higher income than that of immigrants without university education. Also, university-educated immigrants, having been in the country for 10 or more years, tended to earn more than the Canadian born population who had no university education. However, these settled immigrants tended to earn less than their university-educated Canadian born counterparts. In addition, the gap in earnings between these university-educated immigrants and Canadian born was narrower two decades ago. In 1990, earnings of male immigrants in this category were about 14 per

Immigrant Earnings as a percentage of Earnings of the Canadian Born

Years in Canada	Male Immigrants			Female Immigrants		
	1980	1990	2000	1980	1990	2000
1 year	71.6%	63.4%	63.1%	64.7%	70.0%	60.5%
2 years	86.9%	73.3%	71.4%	79.3%	79.8%	68.4%
3 years	93.4%	77.0%	75.5%	84.4%	84.4%	71.7%
4 years	88.8%	77.1%	77.3%	87.8%	82.0%	74.3%
5 years	92.7%	78.5%	77.1%	91.7%	83.8%	77.4%
6 years	93.5%	81.5%	76.5%	94.9%	83.3%	77.8%
7 years	95.1%	84.5%	76.6%	97.9%	87.3%	76.8%
8 years	89.9%	97.5%	75.2%	96.3%	94.6%	80.2%
9 years	97.3%	97.2%	78.3%	103.1%	93.7%	82.2%
10 years	100.4%	90.1%	79.8%	103.1%	93.3%	87.3%

2000 Average Annual Earnings of Population Aged 25 to 54
Immigrants vs. Canadian Born



Prepared By: BC STATS Source: 2001 Census

cent below what their Canadian born counterparts earned, whereas in year 2000 the gap had widened to 29 per cent.

A majority of the highly educated immigrants worked in high demand occupations that required high skills. However, there were many university-educated immigrants working in low skill jobs. In 2002, a large proportion of male immigrants was involved in occupations related to computer and information systems. Of the 176,495 enumerated male immigrants aged 25-54 who arrived in Canada between 1990 and 1999 and who had a university degree, about 34,000 (or 19.3%) had a job in 2001 working in the computer and information technology industries. On the other hand, a number of these university-educated immigrants were engaged in lower pay occupations such as restaurant managers/helpers, taxi or truck drivers, security guards and janitors/caretakers. Again, these university-educated immigrants earned less than their Canadian born counterparts in year 2000 in almost every occupation group reported in the Census.

Canadian official language ability of recent immigrants is believed to be another contributing factor for the earning differences between immigrants and the Canadian born population, as well as between immigrants themselves. Regardless of how long they had been in Canada, immigrants who had knowledge of at least one official language earned a significantly higher income than that of those who had none. However, immigrants who knew either English or French still earned less than their Canadian counterparts.

Earnings in Year 2000 - Immigrants vs. Canadian Born (Aged 25-54)

	Knowledge of at least one Official Language		No Knowledge of Official Language	
	Male	Female	Male	Female
Immigrants in Canada 1 yr	$28,739	$17,627	$20,946	$14,101
Immigrants in Canada 5 yr	$35,301	$22,677	$22,071	$14,369
Immigrants in Canada 10 yr	$36,305	$25,326	$25,754	$19,664
Canadian Born	**$45,002**	**$28,745**		

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BC at a glance . . .

POPULATION (thousands)	Jan 1/03	% change on one year ago
BC	4,155.8	0.8
Canada	31,499.6	0.8
GDP and INCOME		
(BC - at market prices)	2002 Prelim.	% change on one year ago
Gross Domestic Product (GDP) *($ millions)*	134,365	2.7
GDP *($ 1997 millions)*	126,141	1.8
GDP *($ 1997 per Capita)*	30,459	0.8
Personal Disposable Income *($ 1997 per Capita)*	19,445	-0.2
TRADE ($ millions, seasonally adjusted)		% change on prev. month
Manufacturing Shipments - Feb	2,860	-1.0
Merchandise Exports - Feb	2,592	3.3
Retail Sales - Feb	3,468	0.6
CONSUMER PRICE INDEX		12-month avg
(all items - 1992=100)	Mar '03	% change
BC	120.6	2.6
Canada	122.8	3.0
LABOUR FORCE (thousands)		
(seasonally adjusted)	Mar '03	% change on prev. month
Labour Force - BC	2,188	0.3
Employed - BC	2,020	0.9
Unemployed - BC	168	-5.7
		Feb '03
Unemployment Rate - BC *(percent)*	7.7	8.2
Unemployment Rate - Canada *(percent)*	7.3	7.4
INTEREST RATES (percent)	Apr 30/03	May 1/02
Prime Business Rate	5.00	4.00
Conventional Mortgages - 1 year	5.35	5.40
- 5 year	6.65	7.45
US/CANADA EXCHANGE RATE	Apr 30/03	May 1/02
(avg. noon spot rate) Cdn $	1.4335	1.5579
US $ *(reciprocal of the closing rate)*	0.6976	0.6407
AVERAGE WEEKLY WAGE RATE		% change on
(industrial aggregate - dollars)	Mar '03	one year ago
BC	682.00	2.8
Canada	658.12	1.6

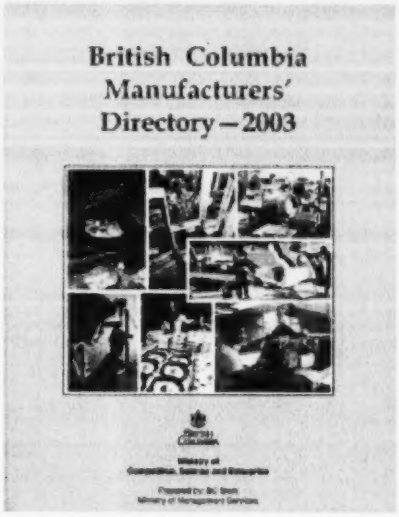
SOURCES:

Population, Gross Domestic Product, Trade, Prices, Labour Force, Wage Rate } Statistics Canada

Interest Rates, Exchange Rates: Bank of Canada Weekly Financial Statistics

For latest Weekly Financial Statistics see www.bankofcanada.ca

2003 Manufacturers' Directory



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